Omnicom

Acquisition of Flywheel

October 30, 2023
Omnicom to acquire Flywheel
- the digital commerce business of Ascential plc

Exceptional Asset

- Flywheel is a best-in-class business and technology platform sitting at the center of digital commerce serving top global brands
- Scaled and constantly expanding cloud dataset from hundreds of digital marketplaces
- Digital tools for retail commerce operations, media execution and market intelligence
- Advanced technology platform, Flywheel Commerce Cloud, delivers near real-time insights to improve decision-making
- Enables brands to sell more goods, more efficiently, across leading global digital marketplaces including Amazon, Walmart, Kroger and Alibaba
- Empowers clients to automate, optimize, and measure their digital commerce and media spend in a complex marketplace
- Flywheel is the largest addressable media buyer on Amazon and one of the largest buyers of media across all digital marketplaces
Omnicom to acquire Flywheel
- the digital commerce business of Ascential plc

- Flywheel brings scaled capabilities in the **fastest-growing** parts of the industry – digital commerce & retail media
- **Uniquely positions Omnicom** to seamlessly integrate offerings across retail and brand media, e-commerce and in-store commerce, and precision marketing, ultimately delivering superior results for our clients
- Combination of Flywheel Commerce Cloud’s product & transaction data with Omni’s audience & behavioral data for **unmatched analytics and insights**
- **Unrivaled** global digital commerce and retail media specialist talent
Omnicom to acquire Flywheel
- the digital commerce business of Ascential plc

Value Creating

- **Revenue** of approximately $300$ million for the 12 months ended June 30, 2023
- Revenue **upside** through organic growth and leveraging Flywheel solutions with Omnicom’s existing client base
- Transaction **accretive** to diluted EPS by Q4 2024 and thereafter
- Net cash purchase price of approximately $835 million financed with approximately one-third cash and two-thirds new debt
- Target closing Q1 2024, subject to Ascential shareholder and regulatory approvals, and other customary conditions

Source: (1) Ascential.com, Half Year Results Presentation – September 22, 2023, slide 9
Fast-Growing Market Opportunity

Significant U.S. & Global opportunity for increased penetration of e-Commerce and Retail Media

U.S. e-Commerce Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Retail e-Commerce ($B)</th>
<th>% growth</th>
<th>% of Retail Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$1,040</td>
<td>8.5%</td>
<td>14.7%</td>
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<tr>
<td>2023</td>
<td>$1,137</td>
<td>9.3%</td>
<td>15.6%</td>
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<tr>
<td>2024</td>
<td>$1,256</td>
<td>10.5%</td>
<td>16.6%</td>
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<tr>
<td>2025</td>
<td>$1,392</td>
<td>10.8%</td>
<td>17.8%</td>
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<tr>
<td>2026</td>
<td>$1,545</td>
<td>11.0%</td>
<td>19.1%</td>
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<tr>
<td>2027</td>
<td>$1,720</td>
<td>11.3%</td>
<td>20.6%</td>
</tr>
</tbody>
</table>

U.S. Retail Media Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Retail Media ($B)</th>
<th>% growth</th>
<th>% of Advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td>$38</td>
<td>21.5%</td>
<td>11.1%</td>
</tr>
<tr>
<td>2023</td>
<td>$45</td>
<td>19.7%</td>
<td>12.8%</td>
</tr>
<tr>
<td>2024</td>
<td>$55</td>
<td>22.5%</td>
<td>14.4%</td>
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<tr>
<td>2025</td>
<td>$68</td>
<td>23.2%</td>
<td>16.5%</td>
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<tr>
<td>2026</td>
<td>$85</td>
<td>24.7%</td>
<td>19.1%</td>
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<tr>
<td>2027</td>
<td>$106</td>
<td>24.9%</td>
<td>22.2%</td>
</tr>
</tbody>
</table>

Source: Insider Intelligence | eMarketer, 2023
Flywheel sits at the center of digital commerce

Flywheel Commerce Cloud
- Retail Operations Execution
- Retail Media Execution
- Market Intelligence
Flywheel at a glance

- Drives brand sales across the world’s largest digital marketplaces
- Large, constantly expanding dataset of non-Pii digital commerce transactions built with high level of purchase visibility
- Three primary services:
  - **Retail Operations Execution** – constantly optimizing listings (images, descriptions, promotions, product selections) to increase conversion rates
  - **Retail Media Execution** – increased efficiency and effectiveness of digital advertising across digital marketplaces to drive sales
  - **Market Intelligence Solutions** – benchmarking dashboards and analytics of sales, advertising and market share

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Source: Ascential plc, www.flywheeldigital.com
Flywheel drives performance at purchase

Source: RAPP Affinity Loop, Omnicom Precision Marketing Group
Flywheel pillars

**Enterprise**
- ~60% of total revenue
- Serves large-scale enterprises primarily in the U.S. and Europe
- Managed services (platform + services) and SaaS offerings

**SMB**
- ~20% of total revenue
- Serves SMBs across retailer platforms
- Managed services and SaaS in media, content management, and content optimization

**Asia Pacific**
- ~20% of total revenue
- Serves primarily large enterprises in China and Southeast Asia
- Managed services and SaaS in content management, media and 3P retail execution
Accelerating Omnicom growth

- Digital Commerce
  - Digital commerce optimization & enablement
  - Digital commerce optimization & enablement

- Media
  - Creative & media planning and buying
  - Creative & media planning and buying

- Precision Marketing
  - Digital transformation, content management, and customer experience
  - Digital transformation, content management, and customer experience

- Commerce
  - Market-leading shopper and e-commerce
  - Market-leading shopper and e-commerce

- Flywheel Commerce Cloud & Omni
  - Cloud & Omni create a market-leading platform for data, analytics and insights
  - Cloud & Omni create a market-leading platform for data, analytics and insights

- Integrated offering across e-commerce and media with industry-leading creative
  - Integrated offering across e-commerce and media with industry-leading creative

- Connected in-store and digital commerce solutions
  - Connected in-store and digital commerce solutions

- Digital transformation and e-commerce consulting
  - Digital transformation and e-commerce consulting
Transaction Highlights

Transaction Terms

- $835 million net cash purchase price ($900 million less earnouts, minority interests and other adjustments of approximately $65 million)
  - Valuation of $820 million ($900 million less tax step-up and equity investments of approximately $80 million)
- 100% cash transaction
- Target closing Q1 2024
- Subject to Ascential shareholder vote, regulatory approvals, and other customary closing conditions

Funding Plan

- $835 million funded through approximately one-third cash on hand and two-thirds new debt
- Commitment to maintain a strong balance sheet and investment-grade credit ratings
- Debt to EBITDA following the closing of the acquisition is expected to increase slightly
- Remain committed to consistent future capital allocation approach to use free cash flow for dividends, share repurchases, and acquisitions

Financial Impact

- Enhances Omnicom’s current and future growth profile
- Expands Omnicom’s revenue streams and client base
- Accretive to diluted EPS by Q4 2024 and thereafter
Disclosures

Forward-Looking Statements:

Certain statements in this document constitute forward-looking statements, including statements within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, from time to time, the Company or its representatives have made, or may make, forward-looking statements, orally or in writing. These statements may discuss goals, intentions and expectations as to future plans, trends, events, results of operations or financial position, or otherwise, based on current beliefs of the Company’s management as well as assumptions made by, and information currently available to, the Company’s management. Forward-looking statements may be accompanied by words such as "aim," "anticipate," "believe," "plan," "could," "should," "would," "estimate," "expect," "forecast," "future," "guidance," "intend," "may," "will," "possible," "potential," "predict," "project" or similar words, phrases or expressions. These forward-looking statements are subject to various risks and uncertainties, many of which are outside the Company’s control. Therefore, you should not place undue reliance on such statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include: adverse economic conditions, including those caused by the war in Ukraine, the lingering effects of the COVID-19 pandemic, high and persistent inflation in countries that comprise our major markets, rising interest rates; supply chain issues affecting the distribution of our clients' products; international, national or local economic conditions that could adversely affect the Company or its clients; losses on media purchases and production costs incurred on behalf of clients; reductions in client spending, a slowdown in client payments and a deterioration or a disruption in the credit markets; the ability to attract new clients and retain existing clients in the manner anticipated; changes in client advertising, marketing and corporate communications requirements; failure to manage potential conflicts of interest between or among clients; unanticipated changes related to competitive factors in the advertising, marketing and corporate communications industries; the ability to hire and retain key personnel; currency exchange rate fluctuations; reliance on information technology systems; changes in legislation or governmental regulations affecting the Company or its clients; risks associated with assumptions the Company makes in connection with its critical accounting estimates and legal proceedings; and the Company’s international operations, which are subject to the risks of currency repatriation restrictions, social or political conditions and regulatory environment; effectively managing the risks, challenges and efficiencies presented by utilizing Artificial Intelligence (AI) technologies and partnerships in our business; and risks related to our environmental, social and corporate governance goals and initiatives, including impacts from regulators and other stakeholders, and the impact of factors outside of our control on such goals and initiatives. The foregoing list of factors is not exhaustive. You should consider carefully the foregoing factors and the uncertainties that may affect the Company's business, including those described in Item 1A, "Risk Factors" and Item 7, "Management’s Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2022. Except as required under applicable law, the Company does not assume any obligation to update these forward-looking statements.

Non-GAAP Financial Measures

We present financial measures determined in accordance with generally accepted accounting principles in the United States ("GAAP") and adjustments to the GAAP presentation ("Non-GAAP"), which we believe are meaningful for understanding our performance. EBITA is defined as operating income before interest, taxes, and amortization of intangible assets, and EBITA margin is defined as EBITA divided by revenue. We use EBITA and EBITA margin as additional operating performance measures, which exclude the non-cash amortization expense of intangible assets (primarily consisting of amortization arising from acquisitions). We also use Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted EBITA, Adjusted EBITA Margin, Adjusted Income Tax Expense, Adjusted Net Income – Omnicom Group Inc. and Adjusted Net Income per diluted share – Omnicom Group Inc. as additional operating performance measures. Free Cash Flow is defined as net income plus depreciation, amortization, share based compensation expense plus/(less) other items to reconcile to net cash (used in) provided by operating activities. We believe Free Cash Flow is a useful measure of liquidity to evaluate our ability to generate excess cash from our operations. Primary Uses of Cash, defined as dividends to common shareholders, dividends paid to non-controlling interest shareholders, capital expenditures, cash paid on acquisitions, payments for additional interest in controlled subsidiaries and stock repurchases, net of the proceeds from our stock plans, and excludes changes in operating capital and other investing and financing activities, including commercial paper issuances and redemptions used to fund working capital changes. We believe this liquidity measure is useful in identifying the significant uses of our cash. Net Free Cash Flow is defined as Free Cash Flow less the Primary Uses of Cash. Net Free Cash Flow is one of the metrics used by us to assess our sources and uses of cash and was derived from our consolidated statements of cash flows. We believe that this liquidity measure is meaningful for understanding our primary sources and primary uses of that cash flow. EBITDA is defined as operating profit before interest, taxes, depreciation and amortization of intangible assets. Net Debt is defined as total debt less cash, cash equivalents and short-term investments. We believe net debt, together with the comparable GAAP measures, reflects one of the liquidity metrics used by us to assess our cash management. We believe these measures are useful in evaluating the impact of certain items on operating performance and allow for comparability between reporting periods. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in accordance with GAAP. Non-GAAP financial measures as reported by us may not be comparable to similarly titled amounts reported by other companies.

Other Information

All dollar amounts are in millions except for per share figures. The information contained in this document has not been audited, although some data has been derived from Omnicom’s historical financial statements, including its audited financial statements. In addition, industry, operational and other non-financial data contained in this document have been derived from sources that we believe to be reliable, but we have not independently verified such information, and we do not, nor does any other person, assume responsibility for the accuracy or completeness of that information. Certain amounts in prior periods have been reclassified to conform to our current presentation. The inclusion of information in this presentation does not mean that such information is material or that disclosure of such information is required.